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SUBJECT: PRIME MINISTER, AMBASSADOR DISCUSS IRAN, GCC, FTA

REF: A. MANAMA 960 ¶B. MANAMA 959

Classified by Ambassador William T. Monroe for reasons 1.4 (b) and (d).

- (C) The Ambassador met with Prime Minister Shaikh Khalifa bin Salman Al Khalifa June 3 and discussed the U.S. initiative on Iran, the GCC, and the U.S.-Bahrain Free Trade Agreement (FTA). Accompanying the PM was Deputy Prime Minister Shaikh Mohammed bin Mubarak Al Khalifa, Foreign Minister Shaikh Khalid bin Ahmed Al Khalifa, and BAPCO Chairman Shaikh Salman bin Khalifa Al Khalifa (the PM's son). The Ambassador opened the meeting by thanking the PM for Bahrain's statement of support for the U.S. initiative on Iran (reftels), noting that other Gulf governments had issued similar statements. The PM said he was glad to see the initiative, which he views as a way to move ahead. Cooperation and dialogue are the ways to solve problems. He recalled that his brother, the late Amir Shaikh Issa, had commented, "When you have neighbors like this (Iran), you have to cooperate to get along." Deputy PM Shaikh Mohammed said development of a common position by the P-5 and Germany made it easier for the GCC countries to stand together.
- 12. (C) The PM stated that the GCC should have "one vision, one policy" for the region. He cited the EU as a model for the GCC the members may agree or disagree, but they always get along. The GCC heads of state and heads of government need to meet more often to discuss the main issues. The usual response to a suggestion to meet is "Inshallah" (God Willing), but the decision to meet is up to people, not God. He urged the U.S. to work closely with Saudi Arabia. The greater the cooperation between the U.S. and Saudi Arabia, the more the GCC can work with the U.S. This would help Bahrain because it will not always have to look over its shoulder to see what Saudi Arabia is doing.
- 13. (C) The PM thanked the Ambassador for the support of the United States and said Bahrain wanted to cooperate more closely. He indicated that the FTA would bring the two countries closer together. He hoped Bahrainis would benefit from the agreement. The Ambassador responded that, following Bahrain's enactment of two outstanding intellectual property rights laws, the FTA would be ready for implementation. Then the important work of promoting the agreement would begin. The two governments could assist, but it was up to the private sector to move ahead. The PM said Bahrain had potential but there were some close-minded people who wanted to move backward. He said he had heard that some financial companies were having trouble obtaining work permits for foreign white-collar employees. The GOB was training its citizens but there was still a need for companies to rely upon experts from outside the country.
- 14. (C) Shaikh Mohammed mentioned that on June 8, Shaikha Haya would be elected UN General Assembly president. Bahrain

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